Income Tax exemption on Income from VRS

1399.SHRIYADLAPATI VENKAT RAO:

SHRIMATIVANGA GEETHA:

SHRI C. RAMACHNDRAIAH:

SHRIMATI SAVITA SHARDA:

SHRI RUMANDLA RAMACHANDRAIAH:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government's attention has been drawn to the news-item captioned "VRS Income exempted from Tax" which appeared in "Deccan Chronicle (English) on 21 st June, 2002;

(b) if so, the details thereof;

(c) whether the employees who retired from the bank service under VRS on 31 March 2001 and payment made during April-December, 2001 are also exempted from tax;

.(d) if so, the details thereof, if not, the reasons therefor;

(e)whether the Ministry of Finance propose to give tax exemption to such bank employees from VRS income; and

(f) whether any modifications amending rules are likely to be issued by Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Yes, Sir.

Through Notification No. 151/2002 dated 19-06-2002, Rule 2BA of Income-tax Rules has been amended to provide that amount received by an employee of a notified institution having importance throughout India or in any State or States, at the time of his voluntary retirement shall be exempt if the scheme of voluntary retirements is framed in accordance with the conditions prescribed in the said Rule 2BA. These conditions, *inter alia,* stipulated that the employees must have completed 10 years of service or 40 years of age, etc. the exemption, however, would be available only to the extent of Rs. 5 lakhs as provided in section 10(10C) of the Income-tax Act. The whole of VRS income received by the employees would, therefore, be not exempt from tax.

(c) to (f) The income from voluntary retirement scheme including of employees of banking companies is already exempt upto Rs. 5 lakhs subject to the conditions laid down in Rule 2BA of the Income-tax Rules. There is no proposal under consideration to increase this Limit.

Misuse of export sops

1400. SHRIMATi N.R DURGA:
SHRIRAVULACHANDRASEKARREDDY:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether export sops are being increasingly misused; and

(b) if so, the steps taken to tighten inspection of exports and imports from/to free ports, especially from Dubai, Hong Kong and Singapore?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINEE N. RAMACHANDRAN): (a) and (b) Some, cases of misuse by availment of unentitled export benefits/ incentives have been noticed. Safeguards have already been inbuilt in each Export promotion Scheme to prevent abuse/misuse. Thorough scrutiny of Export/Import documents from/to sensitive destinations is done by Customs and goods are examined carefully to prevent availment of unintended export benefits. Officers have been instructed to be vigilant so as to prevent misuse of Export Promotion Schemes.

Fiscal position of States

1401. SHRI RAMA MUNI REDDY SIRIGIREDDY:
SHRI SATISH PRADHAN:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that situation has come to take steps to tackle the problem of deteriorating financial position of States;

(b) the reasons behind this pathetic condition of the States finances, apart from borrowings from all quarters;

(c) whether it is a fact that the Finance Minister is going to have a